

FURNIWEB INDUSTRIAL PRODUCTS BERHAD
(Company No: 541706-V)
QUARTERLY REPORT ON CONSOLIDATED RESULTS
FOR THE FOURTH QUARTER 2009

CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2009 - UNAUDITED

	Notes	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		CURRENT YEAR QUARTER 31/12/09 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/12/08 RM'000	CURRENT YEAR TO DATE 31/12/09 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/12/08 RM'000
Revenue	A9	21,625	22,024	80,674	93,562
Cost of sales		(15,823)	(17,250)	(63,539)	(72,309)
Gross profit		5,802	4,774	17,135	21,253
Distribution costs		(585)	(479)	(2,522)	(2,745)
Administrative expenses		(3,007)	(2,852)	(11,285)	(10,933)
Other expenses		(364)	(684)	(1,528)	(1,643)
Other income		98	769	2,955	2,929
Results from operating activities	A9	1,944	1,528	4,755	8,861
Finance costs		(217)	(463)	(1,253)	(1,698)
Interest income		93	67	291	352
Share of profit of a jointly controlled entity		205	50	636	272
Profit before taxation		2,025	1,182	4,429	7,787
Tax expense	B5	(88)	(685)	(774)	(1,778)
Profit for the period		1,937	497	3,655	6,009
Attributable to:					
Equity holders of the parent		1,889	500	3,722	6,460
Minority interest		48	(3)	(67)	(451)
Profit for the period		1,937	497	3,655	6,009
Earnings per share		sen	sen	sen	sen
Basic (net)	B11	2.09	0.56	4.11	7.14
Diluted (net)	B11	-	0.56	-	7.13

The Condensed Consolidated Income Statement should be read in conjunction with the audited financial statements for the financial year ended 31 December 2008 and the accompanying explanatory notes attached to the interim financial statements.

FURNIWEB INDUSTRIAL PRODUCTS BERHAD
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QUARTERLY REPORT ON CONSOLIDATED RESULTS
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CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2009 - UNAUDITED

	AS AT END OF CURRENT QUARTER 31/12/09 RM'000	AS AT PRECEDING FINANCIAL YEAR END 31/12/08 RM'000
Notes		
Non-current assets		
Property, plant and equipment	37,519	39,959
Prepaid lease payments	3,967	4,049
Investment in a jointly controlled entity	819	746
Goodwill	1,924	1,924
Total non-current assets	<u>44,229</u>	<u>46,678</u>
Current assets		
Inventories	20,199	23,499
Trade and other receivables	19,002	17,936
Current tax assets	483	308
Short term investment	2,117	102
Deposits with licensed banks	5,736	3,590
Cash and bank balances	12,559	14,263
Total current assets	<u>60,096</u>	<u>59,698</u>
Total assets	<u>104,325</u>	<u>106,376</u>
Equity		
Share capital	45,371	45,371
Reserves	28,810	27,812
Treasury shares	(87)	(87)
Total equity attributable to shareholders	<u>74,094</u>	<u>73,096</u>
Minority interest	482	561
Total equity	<u>74,576</u>	<u>73,657</u>
Non-current liabilities		
Borrowings	B7 9,255	10,400
Deferred tax liabilities	1,941	1,907
Total non-current liabilities	<u>11,196</u>	<u>12,307</u>
Current liabilities		
Trade and other payables	10,255	9,354
Borrowings	B7 8,132	10,887
Current tax payable	166	171
Total current liabilities	<u>18,553</u>	<u>20,412</u>
Total liabilities	<u>29,749</u>	<u>32,719</u>
Total equity and liabilities	<u>104,325</u>	<u>106,376</u>
Net assets per share attributable to equity holders of the parent (RM)	B12 0.8184	0.8074

The Condensed Consolidated Balance Sheet should be read in conjunction with the audited financial statements for the financial year ended 31 December 2008 and the accompanying explanatory notes attached to the interim financial statements.

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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2009 - UNAUDITED

Notes	Attributable to equity holders of the parent										Minority interest	Total equity
	Share capital RM'000	Share premium RM'000	Share compensation reserve RM'000	Exchange reserve RM'000	Treasury shares RM'000	Retained profits RM'000	Total RM'000	Non distributable Equity	Distributable	Total RM'000		
At 1 January 2008	45,355	363	185	(2,286)	(87)	26,534	70,064			798	70,862	
Exercise of ESOS	16	5	(5)	-	-	-	16			-	16	
Equity settled share-based transactions	-	-	57	-	-	-	57			-	57	
Exchange differences on translation of the financial statements of overseas subsidiaries	-	-	-	(785)	-	-	(785)			50	(735)	
Capital contribution from minority interest	-	-	-	-	-	-	-			164	164	
Net profit for the period	-	-	-	-	-	6,460	6,460			(451)	6,009	
Dividend paid	-	-	-	-	-	(2,716)	(2,716)			-	(2,716)	
At 31 December 2008	45,371	368	237	(3,071)	(87)	30,278	73,096			561	73,657	
At 1 January 2009	45,371	368	237	(3,071)	(87)	30,278	73,096			561	73,657	
Equity settled share-based transactions	-	-	2	-	-	-	2			-	2	
Transfer of equity compensation reserve to retained profits upon expiry of ESOS	-	-	(239)	-	-	239	-			-	-	
Exchange differences on translation of the financial statements of overseas subsidiaries	-	-	-	(9)	-	-	(9)			(12)	(21)	
Net profit for the period	-	-	-	-	-	3,722	3,722			(67)	3,655	
Dividend paid	-	-	-	-	-	(2,717)	(2,717)			-	(2,717)	
At 31 December 2009	45,371	368	-	(3,080)	(87)	31,522	74,094			482	74,576	

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2008 and the accompanying explanatory notes attached to the interim financial statements.

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CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2009 - UNAUDITED

	31/12/09	31/12/08
	RM'000	RM'000
Net cash generated from operating activities	11,742	12,501
Net cash used in investing activities	(3,147)	(8,254)
Net cash used in financing activities	(7,603)	(2,747)
Foreign translation differences	(554)	(3)
Net increase/(decrease) in cash and cash equivalents	<u>438</u>	<u>1,497</u>
Cash and cash equivalents at beginning of period	17,727	16,230
Cash and cash equivalents at end of period	<u><u>18,165</u></u>	<u><u>17,727</u></u>
Cash and cash equivalents comprise:		
Cash and bank balances	12,559	14,263
Deposits placed with licensed banks	5,736	3,590
	<u>18,295</u>	<u>17,853</u>
Deposits pledged	(130)	(126)
	<u><u>18,165</u></u>	<u><u>17,727</u></u>

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the audited financial statements for the financial year ended 31 December 2008 and the accompanying explanatory notes attached to the interim financial statements.

Notes on the quarterly report – 31 December 2009

PART A: EXPLANATORY NOTES AS PER FRS 134

A1. Basis of preparation

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Listing Requirements of Bursa Malaysia Securities Berhad, including compliance with Financial Reporting Standard 134₂₀₀₄ Interim Financial Reporting, issued by the Malaysian Accounting Standards Board (“MASB”).

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2008 annual financial statements.

The preparation of an interim financial report in conformity with FRS 134₂₀₀₄ Interim Financial Reporting requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

The interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2008 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements to be prepared in accordance with FRSSs.

The financial information relating to the financial year ended 31 December 2008 that is included in the interim financial report as being previously reported information does not constitute the Company’s statutory financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31 December 2008 are available from the Company’s registered office.

A2. Auditors’ report on preceding annual financial statements

The auditors have expressed an unqualified opinion on the Company’s statutory financial statements for the year ended 31 December 2008 in their report dated 23 April 2009.

Notes on the quarterly report – 31 December 2009

A3. Early adoption of FRS 4

During the quarter under review, the Group early adopted FRS 4 Insurance Contracts in accordance with the transitional provisions in paragraphs 41 to 45 of FRS 4. These transitional provisions require the following:

- (a) Simultaneous adoption of Financial Guarantee Contracts (Amendments to IAS 39 and IFRS 4) issued by the International Accounting Standards Board (“IASB”) in August 2005. This pronouncement permits the accounting policy choice of scoping financial guarantee contracts in accordance with FRS 139 Financial Instruments: Recognition and Measurement, or as insurance contracts in accordance with FRS 4; and
- (b) The disclosure requirements in FRS 4 need not apply to comparative information that relates to annual periods beginning before 1 January 2010.

Consequentially, the Group treats corporate guarantees given to banks for credit facilities granted to subsidiaries as insurance contracts as defined in FRS 4. The Group recognises these insurance contracts as recognised insurance liabilities when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

At every reporting date, the Group shall assess whether its recognised insurance liabilities are adequate. If this assessment shows that the carrying amount of the insurance liabilities is inadequate, the entire deficiency shall be recognised in profit or loss.

Recognised insurance liabilities shall only be removed from the balance sheet when, and only when, it is extinguished via a discharge, cancellation or expiration.

The early adoption of FRS 4 does not result in any adjustment to recognised items of assets, liabilities, income and expenses of the Group in both, the current year and prior years.

A4. Seasonality of operations

The Group’s results were not materially affected by any major seasonal or cyclical factors.

Notes on the quarterly report – 31 December 2009

A5. Unusual items due to their nature, size or incidence

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the current quarter and financial year-to-date under review.

A6. Changes in estimates

There were no changes in estimates that have had material effect in the current quarter and financial year-to-date results.

A7. Capital and reserves

(a) Capitalisation issue

There were no capitalisation issues during the current quarter and financial year-to-date under review.

(b) Repurchase of own shares

There were no repurchase by the Company of its own shares during the current quarter and financial year-to-date under review.

(c) Equity settled share-based transactions

There were no options being exercised during the current quarter and financial year-to-date under review.

All options granted pursuant to the Company's Employees' Share Option Scheme expired on 6 September 2009.

A8. Dividends

There were no dividends being declared during the current quarter and financial year-to-date under review in relation to the financial year ended 31 December 2009.

A final dividend for the financial year ended 31 December 2008 was approved by the shareholders at the Company's Eighth Annual General Meeting held on 23 June 2009 and was paid on 24 July 2009.

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Details of the final dividend are as follows:

	Financial year ended	
	31 December	31 December
	2008	2007
	RM'000	RM'000
3.0 sen (2007: 3.0 sen) tax exempt	<u>2,716</u>	<u>2,716</u>

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Notes on the quarterly report – 31 December 2009

A9. Segment reporting

The Company's primary format for reporting segment information is business segments. Revenue from external customers represents the sales value of goods supplied to customers.

For the year ended 31 December	Webbing, yarn & furniture components		Rubber strips & fabrics		Others		Eliminations		Consolidated	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
Revenue from external customers	55,552	68,724	24,720	24,062	402	776	-	-	80,674	93,562
Inter-segment revenue	2,752	4,108	7	47	182	3,428	(2,941)	(7,583)	-	-
Total revenue	58,304	72,832	24,727	24,109	584	4,204	(2,941)	(7,583)	80,674	93,562
Segment result	4,688	8,933	942	130	(636)	(202)	(239)	-	4,755	8,861
Unallocated operating income and expenses	-	-	-	-	-	-	-	-	-	-
Results from operating activities	-	-	-	-	-	-	-	-	4,755	8,861

Notes on the quarterly report – 31 December 2009

A10. Property, plant and equipment

(a) Acquisitions and disposals

There were no material acquisitions and disposals during the current quarter and financial year-to-date under review.

(b) Impairment losses

There were no impairment losses during the current quarter and financial year-to-date under review.

(c) Valuation

The valuation of land and buildings has been brought forward, without amendment from the previous annual report.

A11. Post balance sheet events

There were no material events after the financial year that has not been reflected in the financial statements for the financial year ended 31 December 2009.

A12. Changes in composition of the Group

There were no changes in the composition of the Group during the current quarter and financial year-to-date under review.

A13. Contingent assets

There were no contingent assets for the Group as at the date of this announcement.

A14. Contingent liabilities

There were no contingent liabilities for the Group as at the date of this announcement.

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Notes on the quarterly report – 31 December 2009

A15. Capital commitments outstanding not provided for in the interim financial report

	At 31 December 2009 RM'000	At 31 December 2008 RM'000
Authorised and contracted for	<u>491</u>	<u>1,300</u>

A16. Material related party transactions

	Quarter ended 31 December		Cumulative period ended 31 December	
	2009 RM'000	2008 RM'000	2009 RM'000	2008 RM'000
(i) Rental expenses	-	45	135	180
(ii) Purchase of materials	<u>4</u>	<u>-</u>	<u>64</u>	<u>-</u>

Notes:

- (i) and (ii) Transactions with a company in which a director of a subsidiary has an interest

Other than as disclosed above, there were no other material related party transactions entered into during the current quarter and financial year-to-date under review.

Notes on the quarterly report – 31 December 2009

**PART B: ADDITIONAL INFORMATION REQUIRED BY THE BURSA
MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS**

B1. Review of performance

The Group's revenue of RM21.6 million for the quarter under review was 1.8% lower compared to the revenue of RM22.0 million reported for the fourth quarter of the previous year. Revenue for the financial year under review was RM80.7 million, 13.8% lower than the RM93.6 million recorded in the preceding financial year.

Profit attributable to equity holders amounting to RM1.9 million in the current quarter represents an improvement of RM1.4 million from the RM0.5 million reported in the preceding year's corresponding quarter. Profit attributable to equity holders for the financial year ended 31 December 2009 was RM3.7 million, a decline of 42.4% from the RM6.5 million recorded for the previous financial year.

The global financial crisis that commenced in the second half of 2008 has deeply affected the Group's major export markets in 2009. Although the performance statistics for the fourth quarter of 2009 seem to indicate that market sentiments have improved, many customers are still adopting a cautious approach and it may require some time before the Group can expect to attain results similar to those achieved prior to the financial crisis.

B2. Variation of results against preceding quarter

The Group's revenue of RM21.6 million for the current quarter was RM1.1 million or 5.4% higher than the RM20.5 million reported for the previous quarter as customer orders continue to improve.

In line with the increase in revenue, the Group achieved profit attributable to equity holders amounting to RM1.9 million for the current quarter, an improvement of RM0.7 million compared to the RM1.2 million reported during the previous quarter.

B3. Current year prospects

Not applicable as this is the last quarter of the financial year.

B4. Profit forecast

Not applicable as the Group did not publish any profit forecast.

Notes on the quarterly report – 31 December 2009

B5. Tax expense

	Quarter ended 31 December 2009 RM'000	Cumulative period ended 31 December 2009 RM'000
Current tax – Malaysia	(79)	224
Current tax – Overseas	183	567
Over provision in prior year	(16)	(14)
	<u>88</u>	<u>774</u>

The credit for current tax in Malaysia for the quarter under review was due to a subsidiary surrendering up to 70% of its adjusted loss in 2009 to another subsidiary for the purpose of group relief in accordance with Section 44A(1) of the Income tax Act 1967.

The effective tax rate of the Group for the year ended 31 December 2009 was 17.5%. The percentage is lower than the statutory income tax rate as the Group is enjoying tax incentives such as reinvestment allowance and double deductions. In addition, certain overseas subsidiary companies are enjoying lower corporate income tax rates.

B6. Unquoted investments and/or properties

There were no sales of unquoted investments and/or properties for the current quarter and financial year-to-date under review.

Notes on the quarterly report – 31 December 2009

B7. Borrowings

The Group's borrowings as at the end of the reporting quarter are as follows:

	At 31 December 2009 RM'000	At 31 December 2008 RM'000
Short term borrowings	8,132	10,887
Long term borrowings	9,255	10,400
	17,387	21,287
The borrowings are denominated in the following currencies:		
In Ringgit Malaysia	9,783	10,928
In US Dollars	3,255	5,607
In Vietnam Dong	4,349	4,752
	17,387	21,287

The bank borrowings are secured by way of debentures on the fixed and floating assets of the Group and corporate guarantees of the Company.

B8. Adequacy of recognised liabilities arising from corporate guarantees given

As per note A3, the Group recognises insurance liabilities arising from corporate guarantees given based on its assessment of the probability of the guarantees being exercised. As at the reporting date, the management has assessed and is of the opinion that the corporate guarantees will not be exercised by the counterparties due to the continuing ability of the subsidiaries to repay the borrowings undertaken.

B9. Off balance sheet financial instruments

As at the reporting date, the Group does not have any off balance sheet financial instruments.

B10. Changes in material litigation

There is no material litigation or arbitration, either as plaintiff or defendant, which has a material effect on the financial position of the Group.

Notes on the quarterly report – 31 December 2009

B11. Earnings per share

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company for the period by the weighted average number of ordinary shares in issue during the period after share buy back.

	Quarter ended 31 December 2009	Cumulative period ended 31 December 2009
Profit for the period (RM'000)	1,937	3,655
Add: Amount attributable to minority interests (RM'000)	(48)	67
Profit attributable to shareholders of the Company (RM'000)	<u>1,889</u>	<u>3,722</u>
Weighted average number of ordinary shares in issue ('000)	<u>90,533</u>	<u>90,533</u>
Basic earnings per share (sen)	<u>2.09</u>	<u>4.11</u>

(b) Diluted earnings per share

For the purpose of calculating diluted earnings per share, the weighted average number of ordinary shares in issue during the period after share buy back has to be adjusted for the dilutive effects of all potential ordinary shares, i.e. share options granted to employees via the Company's Employees' Share Option Scheme ("ESOS").

As all options granted pursuant to the Company's ESOS expired on 6 September 2009, no computation of diluted earnings per share is shown.

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B12. Net assets per share

Net assets per share attributable to equity holders of the parent is arrived at by dividing the total equity attributable to shareholders of the Company at the end of the period by the number of ordinary shares in issue at the end of the period after share buy back.

	At 31 December 2009	At 31 December 2008
Total equity attributable to shareholders of the Company (RM'000)	<u>74,094</u>	<u>73,096</u>
Number of ordinary shares in issue ('000)	90,742	90,742
Number of shares repurchased ('000)	<u>(209)</u>	<u>(209)</u>
Number of ordinary shares in issue after share buy back ('000)	<u>90,533</u>	<u>90,533</u>
Net assets per share attributable to equity holders of the parent (RM)	<u>0.8184</u>	<u>0.8074</u>

B13. Authorisation for issue

The interim financial statements were authorized for issue by the Board of Directors in accordance with a resolution of the directors on 22 February 2010.